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CENTRAL INTELLIGENCE AGENCY

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COUNTRY China

SUBJECT Industrial Production; Slowdown of Collectivization Drive; Underground Installations

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2. "The entire industrial production has undeniably made considerable progress. At the end of the Civil War, it reached barely 50 per cent of the production before the beginning of the Japanese invasion. It has now exceeded this prewar production prior to 1931/2, in part significantly, especially in coal, natural oil, steel, cement, and textiles. In 1950, the relation of light industry to heavy industry was 70 to 30 per cent; in 1952, it was 60 to 40 per cent. Whereas industrial production accounted for only 10 per cent of the national income prior to the Japanese invasion, it is now almost 18 per cent. The industrial plants are in a better condition than formerly, especially in the textile industry. In the spinning and weaving mills, the number of machines operated by a worker has tripled. The social contributions of the textile enterprises and the wages of the textile workers have been increased, but they are still extraordinarily low when measured by international standards.
3. "The most urgent demand for investment goods has been estimated in Peiping at US\$500 million for the next three years. The industrialization follows in general outlines the Kremlin tendency to place the maximum emphasis upon heavy industry. Foreign experts consider it questionable, in spite of the progress achieved up to now, whether China will succeed in realizing its industrial plans without quite considerable financial and technical aid from the outside.
4. "Remarkable changes have occurred in agriculture, which occupies the overwhelming majority of the Chinese population now as ever. The wave of collectivization is subsiding. The authorities are concerned with obtaining the good will of the peasants. The four thousand production collectives include only a fraction of the peasants, and the approximately 60 state farms do not carry any weight in spite of their considerable areas; rather do they develop in the direction of agricultural schools. All agrarian products are sold at maximum prices.

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Taxes have been somewhat reduced for 1953, but remain unbelievably high for Chinese conditions at their rate of 12 per cent of the net profit. Approximately three to four million hectares of arable land have been won through dam construction since 1950. Most of them bear industrial crops, largely cotton. The extension of exports is sought in the advancement of silk worm breeding and in the increased cultivation of tea.

5. "For the protection of the mainland against attacks or bombardment, strategic plants are moved underground. Foreign observers are surprised at the speed with which these projects are completed; the underground installations are completely modern, according to these foreign observers. The number of forced workers (opponents of the regime and criminal elements) employed for these projects and in the construction of dams along the large rivers is being estimated at two million."

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